

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 NEA-10 ISO-00 EB-07 ABF-01 L-03 COME-00 XMB-02

OMB-01 FRB-03 CIAE-00 INR-07 NSAE-00 /035 R

DRAFTED BY TREAS/OMEA:LATLAS:CEK  
APPROVED BY EB/CSB/OSB:ADBRAMANTE  
TREAS/OMEA:JNEWMAN (DRAFT)  
TREAS/OS:SCOX (DRAFT)  
OASIA/TREAS:FMARESCA (DRAFT)  
A/BF/FC:RWHITENER (SUBS)  
EB/IFD/OMA:BGCROWE (INFO)  
EB/CSB/OSB:RMBUCK  
NEA/EGY:HFMATTHEWS

----- 012696

R 102011Z FEB 76

FM SECSTATE WASHDC  
TO AMEMBASSY CAIRO

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E.O. 11652:N/A

TAGS: EFIN, EG, US

SUBJECT:ISSUES RE USG DEPOSITS OF EGYPTIAN POUNDS

REF: (A) CAIRO 1284; (B) CAIRO 1354; (C) 75 CAIRO 11228

APPRECIATE AMBASSADOR'S EFFORTS REPORTED REFS (A) AND (B).  
WHILE AWAITING EGYPTIAN RESPONSES TO AMBASSADOR'S APPROACHES,  
WOULD APPRECIATE FOLLOWING INFORMATION AND EMBASSY VIEWS  
RELEVANT TO FURTHER DEVELOPMENT OF THIS ISSUE:

1. WHAT GOE APPROVALS ARE REQUIRED TO PERMIT TRANSFER OF  
FUNDS TO CHASE JOINT VENTURE BANK, WITHOUT ANY CHANGE IN  
INTEREST RATE OR BLOCKING ARRANGEMENT?

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2. COULD THESE APPROVALS BE SECURED BEFORE SECRETARY SIMON'S

VISIT, IF THE LATTER ISSUES WERE HELD IN ABEYANCE? SINCE, ACCORDING TO REF (C), GOE BLOCKING ACTION APPARENTLY MADE IN ANTICIPATION OF DEPOSIT TRANSFER TO JOINT VENTURE BANKS, ASSUME GOE WAS PREPARED TO APPROVE TRANSFERS.

3. IN EMBASSY'S VIEW, WOULD MOVING AHEAD ON TRANSFER ISSUE ALONE (I.E., SEEKING APPROPRIATE GOE APPROVALS AND ARRANGING TRANSFER TO CHASE) ADVERSELY AFFECT POSSIBILITY OF SUBSEQUENTLY OBTAINING GOE AGREEMENT ON INTEREST RATE CHANGE AND UNBLOCKING OF USG DEPOSITS?

4. WOULD APPRECIATE CLARIFICATION OF INTEREST RATE WHICH BANKS ARE NOW RECEIVING FROM CENTRAL BANK ON DEPOSITS. PARA 4, REF (C), SAID THAT THE 20 PERCENT HELD WITH CENTRAL BANK AS RESERVES WOULD NOT DRAW INTEREST, BUT REMAINING 80 PERCENT "...WOULD EARN 1.25 PERCENT GROSS (OR 1 PERCENT NET), PROVIDING 0.3 PERCENT PROFIT.." OVER 0.5 PERCENT PAID TO USG. ASSUMING 1 PERCENT EFFECTIVE (NET) INTEREST ON TOTAL DEPOSITS (OBTAINED FROM 1.25 RATE PAID ON 80 PERCENT OF TOTAL DEPOSITS) THEN 0.3 PERCENT PLUS 0.5 PERCENT LEAVES DISCREPANCY OF 0.2 PERCENT. HAS 1 PERCENT EFFECTIVE RATE BEEN REDUCED TO 0.8 PERCENT OR DOES THIS INDICATE THAT THE 0.3 PERCENT PROFIT FIGURE FOR U.S. BANKS CITED REF (C) IS AN ERROR AND SHOULD BE 0.5 PERCENT? KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN EXCHANGE HOLDINGS, POUND (CURRENCY), BANK DEPOSITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE032510  
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**Document Unique ID:** 00  
**Drafter:** LATLAS:CEK  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Reference:** 76 CAIRO 1284, 76 CAIRO 1354, 76 CAIRO 11228  
**Review Action:** RELEASED, APPROVED  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SSUES RE USG DEPOSITS OF EGYPTIAN POUNDS  
**TAGS:** EFIN, EG, US  
**To:** CAIRO  
**Type:** TE  
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